

BEFORE THE
POSTAL RATE COMMISSION
WASHINGTON, D.C. 20268-0001

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POSTAL RATE COMMISSION
OFFICE OF THE SECRETARY

POSTAL RATE AND FEE CHANGES, 2000

Docket No. R2000-1

UNITED STATES POSTAL SERVICE FOLLOW-UP
INTERROGATORIES AND REQUESTS FOR PRODUCTION OF DOCUMENTS TO
UNITED PARCEL SERVICE WITNESS NEEDS
(USPS/UPS-T3-18)

Pursuant to rules 25 and 26 of the Rules of Practice and procedure, the United States Postal Service directs the following interrogatories and requests for production of documents to United Parcel Service witness Needs: USPS/UPS-T3-18.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

Daniel J. Foucheaux, Jr.
Chief Counsel, Ratemaking



Eric P. Koetting

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June 27, 2000

**UNITED STATES POSTAL SERVICE FOLLOW-UP INTERROGATORIES
TO UNITED PARCEL SERVICE WITNESS NEELS**

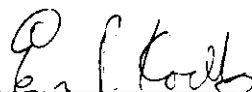
USPS/UPS-T3-18. Please refer to your response to USPS/UPS-T3-3 and your discussion of the TRACS sample design on page 35, lines 16-20 of your testimony. Consider the following hypothetical example of a sample in two strata. Two stop-days are sampled in each stratum with equal probabilities, and there are two subclasses of mail, Subclass X and Subclass Y. The total number of stop-days in each stratum is the same. The hypothetically observed cubic foot miles and mail mix proportions, by subclass, for these four stop-days are shown in the table below.

	Subclass X CFM	Subclass Y CFM	TOTAL CFM	Subclass X Proportion	Subclass Y Proportion
Stratum A					
Stop-Day 1	1500	150	1650	.909	.091
Stop-Day 2	1000	200	1200	.833	.167
Stratum B					
Stop-Day 3	100	10	110	.909	.091
Stop-Day 4	110	50	160	.688	.312
Strata A+B	2710	410	3120	.869	.131

- a) Please confirm that the mail mix, as defined in your response to USPS/UPS-T3-3, for the two stop-days sampled in Stratum A, is more uniform than the mail mix for the two stop-days sampled in stratum B. If not confirmed, please explain fully.
- b) Using a combined ratio estimator (as is used in TRACS-Highway estimation), please confirm that the proportion of CFM used by Subclass X is 0.869., and for Subclass Y is 0.131. If not confirmed, please explain fully.
- c) Assume the cost per test is \$100, regardless of strata, and you can afford to take 50 tests. Please determine and show the derivation of the optimum allocation of tests between strata, for the Subclass X proportion of CFM.
- d) Assume the cost per test is \$100, regardless of strata, and you can afford to take 50 tests. Please determine and show the derivation of the optimum allocation of tests between strata, for the Subclass Y proportion of CFM.
- e) Assume the cost per test is \$100, regardless of strata, and you can afford to take 50 tests. Please determine and show the derivation of the multivariate allocation of tests between strata, giving equal importance to both subclasses proportion of CFM.
- f) Please confirm, for subparts c), d), and e) above, that the optimum allocation results in more tests for Stratum A, the stratum with the more uniform mail mix. If not confirmed, please explain fully.

CERTIFICATE OF SERVICE

I hereby certify that I have this day served the foregoing document upon all participants of record in this proceeding in accordance with section 12 of the Rules of Practice.



Eric P. Koetting

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